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Italy: The Quest for More Effective Government

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An Intelligence Assessment

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EUR 84-10115
June 1984

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An Intelligence Assessment

This paper was prepared by [redacted]
Office of European Analysis. It was coordinated with
the Directorate of Operations. [redacted]

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Key Judgments

*Information available
as of 1 April 1984
was used in this report.*

Although the weaknesses of Italy's governing system have long been identified, Italian politicians have only recently begun to give serious consideration to reforming the country's political machinery. The current system is characterized by:

- An electoral process that has encouraged a multitude of small and medium-sized parties.
- A Prime Minister with only limited authority to impose discipline on his large, unruly cabinet.
- Parliamentary procedures that hinder passage of even the most crucial legislation.
- A policymaking process that too often produces "least common denominator" compromises on problems that require clear-cut action.

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With Italy again experiencing severe economic difficulties—lagging growth coupled with rising inflation, unemployment, and deficits—there has been a growing public demand for more effective government. Prime Minister Craxi and his Socialist Party have taken the lead in proposing reforms, but all of the major parties—with varying degrees of conviction—are calling for some reform. Since Craxi took office last summer, the major parties have, in fact, agreed to some small but significant changes. These include:

- An "inner cabinet" composed of major ministers and party leaders to facilitate decisionmaking.
- Restrictions on the use of some legislative devices in the Chamber of Deputies—such as secret votes—that are often manipulated to disrupt governing coalitions.
- A tightly structured, 45-day parliamentary session for key budget and finance legislation specially designed to avoid committee delays or prolonged filibustering in the Chamber.

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In a country as tradition bound as Italy, even such a limited and tentative willingness to alter the system amounts to a significant change in political thinking. In addition to reflecting a desire to deal more effectively with the problems of the moment, it probably also stems from a growing conviction that Italy's politicians have tried most of the options available under the present rules and found them wanting. Although much of the impetus for change has come from Prime Minister Craxi, we believe there is now enough interest in institutional reform to keep the issue alive beyond his tenure as Prime Minister.

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We nonetheless expect that further progress will be slow and incremental and will depend primarily on whether the main parties see changes serving their practical interests. If basic political attitudes continue to change, we believe the propensity of the parties to adopt more far-ranging changes will grow. Some of the ideas being debated include:

- Requiring a certain minimum share of the popular vote for representation in the Parliament; for example, a 5-percent threshold, as in West Germany, would eliminate nine of the 14 parties now represented.
- Giving the Prime Minister authority to choose and dismiss ministers at will rather than accepting the nominees of his coalition partners.
- Instituting a "constructive" vote of no-confidence, again as in West Germany, which would force politicians to agree on an alternative government before bringing one down.
- Moving toward functional specialization of the two houses of Parliament, which would lessen redundancy and opportunities to delay, change, or kill legislation.

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Such reforms would not revolutionize Italian politics, but they would go far toward consolidating the party system, bolstering the authority of the Prime Minister, and limiting the scope for parliamentary obstructionism. Any progress in that direction would, in turn, reduce the risk of social unrest and instability and make politicians less dependent on Communist assistance in making the system work. None of this would be a guarantee against Communist membership in the cabinet—and could not be if proponents of reform are to win the Communist acquiescence their plans almost certainly require. But, in our view, the increased governmental efficiency that could result would, over the long term, be the most effective antidote to the protest movement that has swelled Communist ranks in recent years.

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Italy: The Quest for More Effective Government

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Introduction

Reform of Italy's political institutions has only recently become a matter for serious attention, even though the weaknesses of the parliamentary system have long been obvious. These weaknesses include an electoral system that has parceled out power among a welter of small and medium-sized parties, an executive too weak to lead, and a Parliament whose rules and procedures inhibit the timely passage of even key legislation. These weaknesses are widely cited as a major reason for the failure of successive governments to cope with the country's persistent economic problems—flagging economic growth, a rate of inflation well above that of other major industrial countries, a burgeoning government deficit, and high unemployment.

Most Italian political parties did not deal seriously with the institutional reform question until the parliamentary election last June when the Socialists succeeded in highlighting the issue. The election campaign raised public consciousness about reform, and since then the parties have cooperated enough to take some initial steps toward changing the system. Their ability and willingness to persist in renovating the creaky machinery of government could prove crucial to the long-term political and economic stability of Italy.

This paper sets out the weaknesses of the present system¹ and examines the political parties' attitudes toward reform. It reviews the extent of the reforms to date and weighs prospects for further, more significant reforms. Finally, it assesses the implications for Italy—and the United States—of the success or failure of the reform movement.

Roots of the System

Experts commonly trace the weaknesses of the Italian political system to the 1948 Constitution, which was drafted against the backdrop of the fascist experience

and the extreme political disunity of the postwar years. The postwar political fragmentation itself had deep roots in Italian history and culture. Interparty rivalry and intraparty factionalism, then as now, were fueled not only by a wide spectrum of ideological and regional differences but by an inordinate emphasis on patronage in the distribution of political and economic power.

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To ensure the support of the diverse political forces and to preclude return to authoritarian rule, the system was deliberately biased toward a dispersal of power. The Constitution was designed to make political institutions reflect the diverse political forces in Italian society. It provides for a parliamentary system with many checks on the power of the governing majority and few mechanisms to bolster it.

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The cost in terms of government efficiency and effectiveness was high, but the negative aspects of the Constitution were not immediately apparent because many of its provisions were not fully implemented until the 1970s. To limit Marxist influence, the Christian Democratic (DC)-dominated governments of the late 1940s and early 1950s worked hard to ensure that most decisionmaking power resided in the cabinet rather than in Parliament. The Parliament began to gain the central position intended by the Constitution only after a gradual political depolarization, which began with the breakup of the Communist-Socialist Popular Front in the early 1950s and continued with the admission of the Socialist Party (PSI) to the governing coalition in 1963. In the late 1960s and early 1970s, both the Socialists—who were disappointed with their limited leverage in center-left governments—and the Communists began to press for greater fidelity to the letter of the Constitution and an enhancement of the role of Parliament.

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¹ Although there has been growing criticism of other national institutions, such as the judicial system and the governmental bureaucracy, the scope of this paper is limited to political institutions.

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The Socialists and Communists were successful in obtaining major changes in parliamentary procedures in 1971, which increased the role of Parliament and of the minority parties. The changes included:

- Shifting authority to set the parliamentary agenda from the presidents of the two houses to a committee of party leaders.
- Strengthening the powers of the parliamentary committees.
- Increasing the access of Parliament—and the minority parties—to information through direct links to such institutions as the National Statistical Institute.

According to many Italian observers, the DC and the small centrist parties accepted these changes as a means of co-opting the ever more powerful Communist Party (PCI) into the decisionmaking process without allowing it into the government. As a result, however, the Communists and other minority parties gained considerable influence in the legislative process. Indeed, at the height of the PCI's electoral strength—from 1976 to 1979—the DC and PCI moved toward a "historic compromise," under which the Communists provided parliamentary support for the governing coalition in return for policy concessions.

Weaknesses of the System

Multiparty Structure. A dozen or so parties are usually represented in Parliament—at the moment there are 14. Critics of the system commonly blame the large number of parties on the excessive proportionality of the formulas used to elect members to the two houses of Parliament. In fact, the complicated formula used to elect members to the lower house, the Chamber of Deputies, was specifically designed to help small parties gain representation.

The primary drawback of the Italian system is that it inhibits the formation of cohesive parliamentary majorities based on clear electoral mandates. It has encouraged weak multiparty coalitions formed on the basis of postelection political horse trading. The conflicting interests of the participating parties and their continual maneuvering for advantage has too often enticed political leaders to focus more on political intrigue than serious policymaking. The result has been a stymied legislative process and short-lived governments.

Indeed, maneuvering and strife within governing coalitions have increased with the long-term decline of the Christian Democratic Party and with the strengthening in recent years of the smaller parties of the center and center-left—the Republican Party (PRI), the Liberal Party (PLI), the Social Democratic Party (PSDI), and the Socialist Party (PSI). This latest shift in political weight was discernible in the 1979 parliamentary election and glaringly evident in the parliamentary election of 1983. Moreover, in 1983 the Communists, despite their own smaller electoral losses, came closer than ever before to matching the DC's representation in Parliament. The narrowing of the margin between the DC and the PCI has magnified the leverage of smaller parties in the majority coalition beyond their increased electoral strength. As the DC's dominance has declined, dissension within the majority has increased (see table).

Like the parliamentary majority, the opposition is also divided. It includes the neofascist Italian Social Movement (MSI), several single-issue and regional protest parties, the Communist Party, the small left-wing Radical Party, and two small far-left parties. This disparate opposition, combined with parliamentary rules that provide many opportunities for minority obstruction, has complicated the legislative process enormously.

Weak Executive. Scholars and political observers have also focused on the lack of strong executive leadership as a factor inhibiting concerted policy formulation and implementation. They have characterized the system as "government by ministry," rather than "cabinet government," in reference to the squabbling and lack of coordination among the numerous ministries.

The prime minister has traditionally functioned more as a chairman of a committee than as a strong leader. He lacks, for example, the legal authority to appoint or replace ministers. In fact, the prime minister and his cabinet hold office on the basis of a precarious compromise among party and factional leaders. The parties—and even party factions—consider ministers from their group as their "delegation to the government." Accordingly, a cabinet minister's first loyalty

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**Percent of the Vote and Seats Won
in 1976, 1979, and 1983 Elections, by Party**

	Chamber of Deputies						Senate					
	1976		1979		1983		1976		1979		1983	
	Percent	Seats	Percent	Seats	Percent	Seats	Percent	Seats	Percent	Seats	Percent	Seats
DC	38.7	262	38.3	261	32.9	225	38.9	135	38.3	138	32.4	120
PLI	1.3	5	1.9	9	2.9	16	1.4	2	2.2	2	2.7	6
PRI	3.1	14	3.0	15	5.1	29	2.7	6	3.4	6	4.7	10
PSDI	3.4	15	3.8	21	4.1	23	3.1	6	4.2	9	3.8	8
PSI	9.6	57	9.8	62	11.4	73	10.2	29	10.4	32	11.4	38
PSDI-PRI-PLI											0.9	1
PCI ^a	34.4	228	30.4	201			33.8	116	31.5	109		
PCI and PU ^a					29.9	198					30.8	107
DP ^a					1.5	7					1.1	0
PU and DP ^a	1.5	6	1.7	6			0.5	2				
P Radical	1.1	4	3.4	18	2.2	11	0.8	0	1.3	2	1.8	1
MSI	6.1	35	5.3	31	6.8	42	6.7	15	5.7	13	7.3	18
Others	0.8	4	2.4	6	3.2	6	1.9	4	3.0	4	3.1	6

^a The PCI usually runs alone in elections, but on occasion (1983) it has fielded a joint electoral list with one of the small far-left parties. These parties, when not allied with the PCI, have run jointly or alone.

usually is to his party or faction, not to the government. He tends to see his ministry as a vehicle for distributing patronage and furthering party or factional interests.

Parliamentary Procedures. A key factor in the increasing difficulty of getting programs through the Parliament is the complex set of procedural rules of the 630-member Chamber of Deputies, particularly the rules permitting most major legislation to be subjected to a secret vote. A request for a secret vote in the Chamber or in committee, for example, takes precedence over a call for a rollcall vote, and even tiny minorities can call for a secret vote. Until very recently, one party group leader ² or 20 deputies could

² Generally, a party group consists of at least 20 deputies, but parties with less than 20 deputies may be permitted to form a party group under certain circumstances.

request a secret ballot in the full assembly; in committees, a party group representative or five committee members could request one. Students of Italian Government point out that by weakening the accountability of individuals and factions the secret vote undermines party discipline and increases the chances that government programs will be delayed, changed, or killed.

Disruption of the legislative process due to secret votes has worsened with the decline of the DC and the trend toward larger multiparty governing coalitions evident since in the early 1960s. Three Italian Governments have fallen directly as a result of defections in secret votes, and others have resigned rather than face a loss on a key secret vote.

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Another complaint often voiced is the ease with which legislators can resort to filibustering. The tiny Radical and other far-left parties in recent years have made particularly abusive and disruptive use of this device. According to Italian political commentators, these groups increasingly have engaged in filibustering as a means of pressing for concessions even on issues not related to the legislation under debate. [redacted]

Another common target of criticism is the lack of control by the Prime Minister and the coalition parties over the parliamentary agenda. As a result of the 1971 rules changes, the agenda for each house is set by unanimous agreement of the party group leaders in that house. This provides opposition leaders—and sometimes recalcitrant minorities within the governing majority—with a de facto veto over what is considered and when. Agenda disputes may be resolved by a majority vote in each house, but prime ministers have seldom used this provision. [redacted]

The excessive duplication in Italy's bicameral parliamentary system also pointlessly impedes the passage of legislation, according to many critics. The cabinet is responsible to both houses, and all legislation must be passed by both the Chamber of Deputies and the Senate.³ Also, differences in the electoral formulas for the Senate and the Chamber have failed to produce any meaningful representational distinction between them.⁴ [redacted]

Plagued by internal strife and faced with frequent parliamentary impasses, governments have increasingly risked falling before they get even key legislation (such as the budget and the finance law) passed. In these circumstances, governments have attempted to get their bills enacted intact and in a timely fashion by resorting to "emergency" decrees (see inset).

A Changing Political Culture?

The Italian press, public, and politicians have complained for years about institutional problems, but until recently no one was prepared to make some of the hard choices required to remedy the situation.

³ Even some of the limited divisions of power that exist in the US Congress—for example, the Senate's power to approve treaties and executive appointments and the House's power to initiate bills to raise revenue—are absent in Italy. [redacted]

⁴ Whereas different parties may control each house in the US Congress, this has never occurred in Italy. [redacted]

Breaking the Logjam by Decree

Governments have sought to avoid frequent parliamentary impasses by resorting to decrees. The Constitution grants governments the authority to enact decrees that have the force of law but that are automatically revoked if not converted into law by Parliament within 60 days. The decree provision was intended for short-term use in emergencies, but in recent years governments have increasingly used decrees to obtain timely enactment of a wide range of ordinary legislation. In fact, the decree mechanism has been used so often that it has practically become the normal way of proposing a bill. Contrary to the constitutional provision, some decrees have been renewed up to three times. [redacted]

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Not only is this use of the decree not provided for in the Constitution, but it has proved counterproductive. Some critics argue that it has skewed legislative activity toward immediate, partial solutions and inhibited long-term policy planning and coherence. Others point out that government decrees have been entirely changed by Parliament without governments considering this a sign of no confidence. They charge that decrees both fail to avoid major changes in government programs, and further obscure the accountability of parties and individual representatives to the electorate. [redacted]

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Attempts at reform were discouraged because nearly everyone had a significant stake in Italy's consensus-style political system—one that was built on patron-client relationships and designed to accommodate a broad spectrum of philosophical views. It is difficult to document that a change in attitude is occurring, but press and US Embassy reporting as well as scholarly studies suggest that public sentiment may be building for government to take decisive action for the common good—even if it means tolerating less philosophical diversity and sacrificing some clientele interests. In our view, the major parties, particularly the Socialists, sense such a change, and their new stress on reform is probably an effort to capitalize on it. [redacted]

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To be sure, the growing public interest in reform reflects a desire to deal more effectively with certain problems of the moment, such as the flagging economy and the inefficiency of the government bureaucracy. But we believe the focus on reform probably also reflects a growing conviction among the politicians and the public that the country is running out of options in its search for effective government. Since the adoption of the 1948 Constitution, party leaders have tried centrist, center-right, and center-left coalitions—everything short of bringing the Communists into the government. None of these coalitions has proved very durable, and none has produced a sustained and consistent attack on the economic and social problems that have accompanied postwar modernization. In our view, the growing belief that politicians have exhausted the options available in the current framework has created a new openness to changing—or at least tinkering with—the existing system. In a country as tradition bound as Italy, even such a limited and tentative willingness to alter the system amounts to a significant change in political thinking.

The Parties and Reform

The Socialists. The Socialists became the first to advocate institutional changes in 1981. The PSI took advantage of the 1983 parliamentary campaign to highlight its reformist position and to push its proposals.

The Socialist recipe for reform seeks to ensure that the governing majority can take timely, decisive action. In essence, the Socialists propose to:

- Strengthen the offices of the president and prime minister.
- Bar the smallest parties from independent parliamentary representation.
- Reduce the opportunities for minority obstruction.

More specifically, the Socialist program proposes the direct election of the president, who is head of state, to a five-year term. The president now is elected to a seven-year term by the houses of Parliament and

three delegates from each region. Although the Socialists have not proposed specific steps to strengthen the president's constitutional powers, they argue that direct election would enhance his moral authority and strengthen his role as a stabilizing force.⁵

The Socialists also call for several changes aimed at reducing the frequency of government crises and strengthening the office of prime minister. They have proposed that the prime minister be designated by the Parliament for the length of the legislature—a period of up to five years. They want to introduce the West German mechanism of "constructive no-confidence voting." Under this proposal, the proponents of a censure motion would have to be able to offer a successor government. The Socialists also have proposed creating "a Cabinet Council"—an inner cabinet made up of major ministers—and giving the prime minister authority to choose and replace ministers at will and to reduce the size of the cabinet. The Socialist proposals appear designed to limit the scope for political sabotage and to reduce the prime minister's need to cater to the conflicting interests of his parliamentary supporters—in sum, to put the prime minister in a position to exercise strong leadership.

The Socialists also favor borrowing from West German electoral law the concept of an electoral "threshold"—requiring a party to win a certain percentage of the vote in order to earn representation in Parliament. They have proposed setting that threshold at 5 percent. If such a rule had been in force for the last election, nine of the 14 parties now in Parliament would have been excluded, including two of the small parties in the present five-party center-left governing majority. As to reforms in parliamentary procedure, the PSI has called for limiting the use of the secret ballot and other legislative procedures that encourage excessive minority obstruction.

⁵ The president's powers under the existing Constitution are not inconsequential. For example, he appoints the prime minister, can dissolve Parliament and call new elections, and is commander in chief of the armed forces. In practice, the president's actual influence has varied with the propensity of the incumbents to push their authority to its limits

The PSI also advocates reducing the number of parliamentary deputies and making sharper distinctions between both the electoral districts and functional responsibilities of the two chambers. They have suggested that the lower house be elected on the basis of single-member districts and that the Senate be chosen by proportional voting based on regional lists. They have proposed giving the Senate sole responsibility for economic and financial matters, presumably because it would be a smaller and more manageable body.

In our view, there is more to the Socialist push for reform than a desire to achieve short-range tactical advantage. In essence, Craxi is trying to persuade voters that the PSI is the party that knows what to do for the common good—economic austerity—and how to do it—institutional reform. Nevertheless, the detractors of the PSI have been quick to point out that the Socialist proposals are also rooted in self-interest. As a small but crucial swing party, the PSI is in a position—so long as the Christian Democrats and Communists remain at loggerheads—to claim the prime-ministership periodically as the price of its political support. Indeed, at the moment, Socialists occupy both the prime-ministry and the presidency, and the PSI can best turn its present political leverage to its long-term advantage if its chief officeholders compile a record of accomplishment. At least in current circumstances, the Socialist Party has a direct stake in strengthening the powers of the prime minister, enhancing the authority of the president, and minimizing the ability of the opposition to obstruct government legislative programs. At the same time, the PSI believes its chances of increasing its share of the vote will be enhanced as much as the other larger parties if the smallest parties are excluded from Parliament.

The Communists. In contrast to the Socialists, the PCI traditionally has opposed altering the 1948 Constitution, resisted strengthening the government, and sought to expand the authority of Parliament. We attribute the PCI's position to its longtime exclusion from government and its "outsider" status. Its emphasis on the central role of Parliament is designed to ensure the party a significant role and to increase its influence, even without officially participating in the government. The Communists consider proposals to

strengthen government authority as schemes to freeze them out of the decisionmaking process.

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At the same time, the Communists recognize that the Socialists' advocacy of institutional reforms may acquire considerable public appeal. The PCI cannot afford to appear reactionary or allow the PSI to gain ground at its expense. Accordingly, at their Party Congress in March 1983 and in the election campaign last year, the PCI endeavored to put a new face on old positions by highlighting systemic weaknesses that they could blame on their rivals.

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Specifically, the Communists attributed governmental inefficiency mainly to the patronage practices of the traditional governing parties. They argued that the system of preference votes⁶ used in the election of the Chamber of Deputies reinforces a divisive emphasis on personal power bases and political favoritism and should be revised. They have provided no blueprint for that revision, and they so far have "ruled out" changes in proportional representation. The PCI has, however, generally conceded the need to reduce the size of the cabinet in order to facilitate executive coordination but has opposed other proposals designed to bolster executive authority.

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The Communists have called for some parliamentary reforms designed to simplify parliamentary procedures and accelerate the legislative process. These reforms would cut the number of deputies in the Chamber by half and abolish the Senate; Communist advocacy of unicameralism dates back to the 1948 Constituent Assembly. In addition, the PCI has favored devoting one parliamentary session exclusively to the budget, terminating "catch-all" decree laws, and consolidating parliamentary committees to mirror a consolidated cabinet.

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⁶ When choosing the Chamber of Deputies, voters designate a party and in addition may cast preference votes for individual candidates on the list. The order in which the party's candidates are assigned seats is determined by the number of preference votes they receive. In all but the Communist Party, which tells its supporters which candidates to vote for, candidates tend to conduct highly personalized campaigns. Nationwide, nearly 40 percent of the DC voters have cast preference votes in the last few elections, more than any other party.

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Not surprisingly, the PCI has opposed abolition of the secret vote and been cool toward proposals to restrict its use. The Communists have found the secret vote a handy tool for taking advantage of disharmony within the governing majority. Last fall, for example, Communist opposition and defections from the DC on a secret vote defeated a government bill to grant tax amnesty to illegal construction projects.

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The Christian Democrats. The DC is more a loosely knit complex of factions than a party, and its views on institutional reform are as diffuse and contradictory as its structure. The DC platform for the parliamentary election in 1983 basically set forth the position of party Secretary Ciriaco DeMita, one of the few DCs secretaries to come from the reformist wing of the party.

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The DC's position on reform was cautious and vague. It rejected drastic institutional changes, but supported limited changes to improve government's capacity to take action. It explicitly rejected the Socialist proposal for direct election of the president and the Communist proposal to abolish the Senate as "dangerous shortcuts." It defended proportional representation as a guarantor of pluralism and freedom and was silent on the notion of a 5-percent electoral threshold, thus implicitly rejecting it.

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DC reluctance to tinker much with the system is not surprising. The system bears the mark of the DC more than that of any other party. Moreover, the consensus-style system and diffusion of responsibility have suited the loosely knit DC well over many years. To keep its diverse constituencies together, the DC has traditionally preferred to disperse responsibility at the cost of achievement. This tendency has been reinforced by the weakening of the ties that originally bound the party together—anti-Communism and Catholicism.

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The strategy, however, has become less effective. Even before 1983, the DC's share of the vote had eroded substantially. A number of DC leaders had acknowledged that public impatience with the failure of successive governments to cope with Italy's problems was making the traditional strategy of avoiding action increasingly costly. Moreover, the DC, like the Communists, needed to steal some of the PSI's thunder on the issue of reform.

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Party leader De Mita's proposed solution is to oblige parties to commit themselves to alliances and common programs in advance of elections. His rationale for preelection pacts is that they would:

- Clarify the electoral mandate.
- Increase party responsibility to the electorate.
- Curtail party bargaining and maneuvering for advantage.

The DC platform did not set out a specific blueprint, but subsequently DC leaders have suggested giving bonus seats to coalitions of parties that win a plurality of the votes in elections. This proposal is opposed by the smaller parties and the PCI.

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In addition, the DC has supported the adoption of the constructive no-confidence mechanism and abolition of the secret ballot. It still waffles on the role of the prime minister, offering only a vague proposal to reinforce his authority with a parliamentary vote of confidence that would focus on "him in a different way from the rest of the cabinet." The party has favored the establishment of an inner cabinet of the most important ministers, but still emphasizes the need for collegial responsibility within the cabinet. As for Parliament, the DC is on record in support of an ill-defined "adequate reduction" in the size of Parliament and has called for the establishment of special parliamentary sessions to deal with major issues like the budget.

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The Small Parties. The small centrist parties—the Republican Party (PRI), the Liberal Party (PLI), and the Social Democratic Party (PSDI)—also have approached institutional reform with caution. They are cool to direct election of the President, and they oppose unicameralism and modifications of proportional representation, which could mean their elimination or subordination to larger parties. On the other hand, they support some steps to improve governmental efficiency, such as measures designed to streamline parliamentary procedures and bolster executive coordination. They prefer, however, to limit rather than abolish the secret vote.

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The neofascist Italian Social Movement (MSI), which usually wins more votes than any of the small centrist parties but is excluded from coalitions, advocates a

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new "neocorporate" political order. It opposes trying to improve the workings of the existing democratic system on the grounds that the system should instead be abolished. [redacted]

The tiny Radical Party's major contribution to reform has been negative. Its habitual use of parliamentary procedures to obstruct business and promote its own goals has added to the impetus for reform and to efforts to streamline parliamentary procedures. More positively, its exposure of the abuse of decree laws has added that issue to the reform agenda. [redacted]

Movement Toward Reform Under Craxi

We believe that the attention the major parties have paid to institutional reform since the 1983 election campaign reflects a reluctance to concede the issue to the Socialists and a fear of public condemnation for failure to respond to the nation's problems. Most Italian commentators interpret the DC's unexpected loss of 6 percentage points of the vote and the PCI's much less dramatic losses as confirmation that public patience with the major parties is indeed finally running out. Focusing public attention on the "system" has the advantage of diverting attention from the failings of the individual parties. [redacted]

In our view, efforts by the other parties to exploit the issue have made Craxi and the PSI all the more intent on achieving reforms for which they can take credit and which would strengthen their ability to implement an effective program. Craxi has so far focused his efforts on making quick progress on the least controversial reforms. According to US Embassy and press reports, he has sought to use his limited discretionary powers to streamline the processes of government. He has, for example, established a "Cabinet Council" of major ministers to make key policy decisions. This Cabinet Council includes senior representatives of the parties in the governing coalition and has the political weight to address controversial policy issues. [redacted]

In addition, Craxi has succeeded in pushing a package of procedural changes through the Chamber of Deputies. First, the requirements for making some important motions—such as requesting rollcall and secret votes—have been tightened to curtail disruptions of the legislative process by tiny minorities (see insert).

Second, changes in the Chamber rules now provide for a strictly structured, 45-day parliamentary session for budget and finance legislation. The new rules are designed to prevent these key bills from getting held up in committee. They also strictly limit the discussion time allotted party groups in the full Chamber. [redacted]

The effectiveness of these rules changes cannot be evaluated because they have not been fully tested. The new rules probably aided passage of the 1984 Budget and Finance Law last December, the first time since 1978 that a government had met the end-of-year deadline. [redacted]

According to press reports, the Socialists had pressed for even tighter restrictions on the use of the secret vote and wanted to eliminate its use on revenue matters. The Socialist proposals ran into stiff opposition from the Communists and other leftist parties, as well as resistance from some quarters of the DC and the small center parties. [redacted]

Prospects for Further Change

The executive and parliamentary reforms achieved to date are the product of least common denominator compromises among the major parties and only marginally improve the system's efficiency. Nevertheless, because they have general support, we doubt they will be undone. Moreover, we believe these reforms could be the opening wedge in a process leading to more far-reaching changes. Although much of the impetus for institutional reform has come from Prime Minister Craxi, we think there is enough interest in change to keep the issue alive beyond his tenure as Prime Minister. [redacted]

Press reports indicate that the Chamber of Deputies will consider a second package of rules changes sometime in 1984. This package reportedly will include proposals to:

- Reorganize the Chamber committees.
- Establish special procedures for "preferential passage" of key legislation [redacted]

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Chamber of Deputies—Example of Rules Changes Under Craxi***To request a Roll-Call Vote in the full assembly . . .******Now it takes:******20 deputies or one or more leaders of party groups^a representing at least 20 deputies******Before it took:******15 deputies or a single party group leader******To request a Secret Vote in the full assembly . . .******Now it takes:******30 deputies or one or more leaders of party groups^a representing at least 30 deputies******Before it took:******20 deputies or a single party group leader******To request a Roll-Call Vote in committee . . .******Now it takes:******four committee members or one or more representatives of a party group which alone or together have four or more committee members.******Before it took:******four committee members or a representative of a party group******To request a Secret Vote in committee . . .******Now it takes:******five committee members or one or more representatives of a party, which alone or together have five or more committee members.******Before it took:******five committee members or a representative of a party group***

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^a Generally, a party group consists of at least 20 deputies, but parties with less than 20 deputies may be permitted to form a party group.

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We believe there is a reasonably good chance that such additional rules changes will be achieved in the near term, because they are generally consistent with the limited reforms agreed to thus far. In addition, a bicameral committee has been established and charged with recommending further electoral and constitutional reforms to Parliament in October. All parties except the neofascists and the small far-left parties supported the establishment of the committee.

and press reports indicate, in fact, that some Communists and Christian Democrats already are seeking to find common ground on reforms, although so far without success. And if the smaller PRI continues to attract more than 5 percent of the vote as it did in 1983, it too could support the PSI proposal.

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In general, further institutional reforms will hinge on the extent to which the main parties see their practical interests served by such changes. We believe, for example, that electoral losses by the DC and the PCI have enhanced the prospects for movement on electoral reform. In our view, the DC and PCI might be tempted to support the PSI's proposal for a threshold for parliamentary representation, especially if their support at the polls continues to erode. US Embassy

The political consolidation entailed in a 5-percent threshold would greatly change the configuration of Italian politics. All of the opposition parties, except the PCI and MSI, and at least two of the parties in the present five-party governing coalition—the PSDI and PLI—would probably be forced to merge with larger parties. Because this would be such a radical change in the system, the parties might eventually settle on a lower threshold.

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Similarly, press reporting suggests that a consensus may also be developing in favor of constitutional changes⁷ designed to insulate government from the party and factional power struggles that have made governments notoriously weak and short lived. Proposals for a "constructive no-confidence" provision and for giving the Prime Minister the authority to choose and replace ministers appear most popular. We also see general interest in constitutional changes to reduce the size and redundancy of the present bicameral system. The various proposals are still far apart, but press reports suggest a gathering consensus in favor of a functional specialization of the two houses.

This is not to say that a Second Republic is at hand. To the contrary, the roots of the political fragmentation and fear of authoritarianism that have fostered the development of a consensus-style system go deep. Change is likely to be slow and incremental. Nevertheless, we believe that movement to increase government efficiency and decisiveness will go in the direction of consolidating the party system, bolstering the power of the governing majority, and limiting the scope for minority obstruction.

The net effect of the reform process, however, is less clear than its direction. For example, one of the more likely reform measures—the adoption of a threshold for representation in Parliament—could have the effect, by forcing party mergers, of converting inter-party rivalries into intraparty factionalism. Indeed, it is uncertain whether any procedural or electoral changes can moderate the effect on governments of the ideological, regional, and clientele rivalries that have shaped Italian politics.

In certain circumstances, moreover, the current reform movement might fizzle completely. Several events alone or together might rob it of its impetus:

- An international economic recovery of sufficient strength to carry along the Italian economy could dull public concern with the problems of the system.

⁷ Amendments to the Constitution must be passed by the Chamber of Deputies and the Senate twice at an interval of at least three months. Approval must be by an absolute majority of the members of each chamber.

- A public backlash against Craxi's overbearing personal style could trigger fears of resurgent authoritarianism and compromise the movement for reform.
- A precipitous plunge in the fortunes of the reformist wing of the DC could reduce the momentum of reform effort.
- A political polarization and the isolation of the PCI could lead to Communist interest in perpetuating weak governments.

We believe that the least likely prospect is for the kind of change that would result in a more radical consolidation of political parties, a stark division between majority and opposition, or even a return to authoritarian government. Only extraordinary events, such as a war, extreme natural disaster, or economic collapse, could precipitate such outcomes.

Implications

The increased government efficiency and decisiveness that could result from moderate, incremental change could go far toward reducing the threat of social unrest, political instability, and even terrorist activity in Italy. This would obviously serve US interests given Italy's strategic importance as a member of NATO and a Mediterranean power and its economic importance as a major industrial country. Moreover, reform could reduce the tendency of Italian politicians to look to the Communists for assistance in keeping the system running. But movement away from a consensus-style system cannot exclude the possibility of Communist cabinet participation if Communist acquiescence in reform is to be won. It is even possible that the consolidation of the party system through changes in proportional representation could eventually open the way for the first Communist-Socialist majority of the postwar period. Nevertheless, we believe that the increased governmental effectiveness that could come through institutional reform would be the best insurance against popular support for the Communists and Communist participation in the cabinet.

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